The Financing of Sports Arenas:

The games played off the field

An Honors Thesis (HONRS 499)

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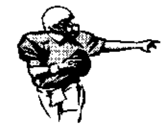
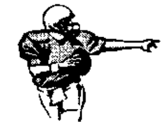


Abstract

This paper grew out of my interest in two areas: sports and business. Unfortunately, my first love, sports, is now becoming a big business. Major league sports are now dependent upon stadiums and the revenue they generate. Unfortunately, these stadiums and their "creative" financing packages have serious ramifications on the local communities. Due to all the speculation surrounding stadiums and how they are financed, I decided to analyze this topic. This project examines the following areas: sources of financing, benefits of sports stadiums and sports franchises, and survey results from local businesspeople to determine the impact of the Indianapolis Colts on the community. This paper is supposed to illustrate the following concept: that sports franchises cannot support the costs of stadium construction and public investments in these projects cannot be justified.



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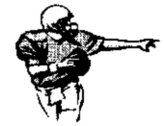


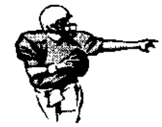
Introduction

The love affair between the American public and professional sports dates back more than 100 years. For years, sports have been a central component of our society. They have the unique ability to bring together blacks and whites, young and old. The impact sports have had on our lives is unfathomable. Some of people's greatest memories are the first time their dad took them to the ballpark, or when their hero led their hometown team to a championship. In fact, I can still remember the first time my dad took me to see Michael Jordan play, or when we finally saw a game at historic Wrigley Field. However, I am not the only that has these feelings. Many people can still remember the "shot heard round the world" or when Hank Aaron broke Babe Ruth's record.

Unfortunately, the innocence and joy of watching the Boys of Summer, the Monsters of the Midway, and the Kings of the Hardwood has been robbed from us. It is a crime that when the time comes for me to take my son to his first game, I will probably have to refinance my house. Sports fan and citizens across the country are being held at ransom by greedy sports owners. These are individuals who no longer care about the game but instead the bottom line. Instead of sports being this magical device that relieves us from the stresses of business, sports themselves are now a business. And the machine that is running this multi-billion dollar business is sport's stadiums.

Most of us have been exposed to the travesty of stadium financing. Stadium financing is a battle waged between multi-millionaire owners and captive political officials. These city officials have no leverage in their negotiations, and are usually at risk of not being re-elected if they lose the city's team. Without leverage, these officials are usually forced into situations that involve them offering "sweet" deals to owners. These deals usually involve the team paying no rent, receiving all revenue from the stadium, along with a subsidy, and then an escape clause so they can leave the now financially depressed area in five years for greener pastures.

The purpose of this paper is to uncover the fallacies that owners and politicians have given to citizens over the years. This paper will look at all the issues surrounding stadium financing, and reveal the truth on what's really happening.

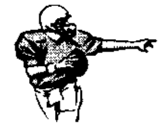


The Truth Behind Financing

The battle off the field, the financing of professional stadiums, is one that is being constantly waged in our country. It is an important topic because of the large number of stadium projects currently being undertaken in our country. During the 1990s, forty-five stadiums and arenas were built (www.privatization.org). While that number itself is staggering, what is even more astonishing is the amount experts are projecting will be spent on stadiums. In the book <u>Sports, Jobs and Taxes</u>, it was predicted that $7 billion would be spent on new sports facilities before 2006 (Noll and Zimbalist, 1997).

Now most people would assume that the increase in spending is a good sign. The common theory has always been that increased spending is a sign of a strong economy, and this is exactly what owners and politicians want us to believe. Unfortunately, our economy is in the midst of a downturn, and the groups that are demanding these stadiums cannot afford them. The question then becomes: who is paying for all this construction?

Sports stadiums can be funded in three different ways. The first way is that the general public can pay for the stadium. The general public is forced to pay when either a new tax is imposed or general fund revenues are used to fund the stadium. The fans or users (teams) of the facility might also pay. Fans are forced to pay when stadium revenues are used to finance the facility. This occurs through increased ticket, concession, and parking prices. The team pays for the stadium when they use the funds they receive from revenue sharing, licensing and advertising. While we are all familiar with the inflated prices that are charged for apparel, and the large amounts professional teams receive through naming rights and sponsorship, these sources are rarely used to finance stadiums (<u>www.ncsl.org</u>, 1998).



In fact, since 1988, only fifteen new facilities were privately financed. The complete list of these facilities, the teams they host, and their costs are as follow:

Facility Name	Team	Cost ($millions)
Fleet Center	Celtics/Bruins	$160
Carolinas Center	Panthers	n/a
United Center	Blackhawks/Bulls	$180
The Palace of Auburn Hills	Pistons	$70
Bradley Center	Bucks	$80
Target Center	Timberwolves	$113
Molson Center	Canadiens	$230
Madison Square Garden	Knicks/Rangers	$200
Core States Center	Flyers/76ers	$235
America West Arena	Suns	$100
Rose Garden Arena	Trailblazers	$260
Arco Arena	Kings	$65
Kiel Center	Blues	$130
Delta Center	Jazz	$78
GM Place	Canucks/Grizzlies	$180

(www.privatization.org)

While the efforts of these franchises should be applauded, one detail cannot be ignored. While these teams did pay for construction, the city or state where they are located still provided assistance with the costs by providing roads and other infrastructure. They also gave the franchises special tax breaks that are not available to other businesses.

Targeted beneficiaries are the third option for financing sports stadiums. Targeted beneficiaries are those businesses that will experience an increase in business as a result of a new stadium. In order for them to finance the project, they are usually charged a sales tax that is earmarked to offset the cost of the facility. By doing this it is possible to shift some of the burden of the cost onto the businesses that will directly gain (www.ncsl.org, 1998).

While there are multiple avenues used to fund stadium construction, there is ultimately only one source. The reason for writing this paper is to educate that source:

the general public. Ultimately, it is the tax-paying American that is forced to pay for these stadiums, and provide the capital for these bad investments. The majority of stadiums are paid for by tax increases earmarked for stadium construction, and by federal and state subsidies. Subsidies, however, are also financed through taxes. In fact, during the last decade \$4 out of every \$5 spent on stadiums came from these sources (www.privatization.org).

Before continuing on with our discussion of subsidies it is imperative that we cover an issue from the preceding paragraph. That is the issue of taxes. When discussion turns to the possibility of using taxes for public projects, the public initially becomes upset about the prospect of more of their money going to the government. While this is a valid point, other issues must be addressed.

First, we must discuss the real costs involved. The real cost is not what taxpayers are paying in increased taxes. The real cost of taxation is the cost of tax compliance, enforcing the tax code and collecting the money. Taxes are simply a transfer of money. If this transfer could be easily accomplished then tax revenue **could** be used to pay for stadiums. Unfortunately, though, the cost involved with collecting the tax reduces the amount that goes toward the stadium. Along with the costs for compliance are additional costs for establishing new tax codes.

The next issue that must be addressed when discussing taxes is opportunity cost. An increase in taxation will directly result in a reduction in consumer consumption. Therefore, it is ironic that politicians try to convince us that stadiums will trigger economic development when the engine that is used to drive their construction is directly hindering economic development via reduced consumption (Noll and Zimbalist, 1997).

The final issue on taxes is equity, or who pays and who derives a benefit. In his testimony to the City of New York, Mr. Criscitello, Director of the New York City Independent Budget Office, had the following comment on the issue. He said, "Heavy use of city funds for stadium construction would raise issues of equity since city taxpayers would subsidize the stadium, but relatively wealthier fans from the suburbs would share in the benefit." (www.ibo.nyc.ny.us, 1998)

In 1989, the annual public subsidy on twenty-one sports stadiums that cost an average of $50 million to build was $150 million. While that figure accounts for subsidies for construction, other subsidies are used just to make teams competitive (www.bizjournals.com/houston/, 1996). Currently, the average subsidy to keep a team competitive costs host cities over $10 million a year. These numbers are astonishing, considering they coincide with a persistent push to cut federal costs by eliminating social and economic programs. This means that while subsidies are dying off in areas such as education and welfare, they are thriving for multi-millionaire owners (www.bizjournals.com/houston/, 1996).

If stadiums are such a bad move economically, and lead to increased taxes, then why do communities continually keep approving their construction? They continue to approve them because of two phrases that owners and politicians like to throw around: "job growth" and "economic development."

Economic Development

The truth is, except for a few cases, new stadiums do not spur economic development. This statement is concurred in testimony by Douglas A. Criscitello to the New York City Council, "Research on stadiums consistently finds that there is no basis for forecasting an economic development impact beyond that generated by the local expenditures of the team and its fans. In particular, none of the studies suggest any economic rational for assuming that building any new stadium would itself spur construction of office towers and hotels." (www.ibo.nyc.ny.us, 1998)

If stadiums really have such a minimal impact like Mr. Criscitello reported, then why do we build them? We build them because politicians and owners try to persuade us with these alleged benefits:

- A sports facility generates the creation of new jobs and brings new money into the community. Also, people attending the game spend money at the stadium and while they are traveling to and from the stadium.
- A sports facility and a sports team will make the city a "major league" city, which will earn them free publicity and attract new business.
- Also, tax and lease payments from the team will offset the subsidies used to build the stadium and therefore render the construction a good investment (Noll 1997).

The impact that politicians and owners attribute to stadiums is moderate if any at all. The reason this impact is overstated is because of fallacies that are reported when individuals are promoting stadiums. (Just ask the citizens of Cincinnati.) The following is a list of reasons of why impact is misreported:

- Proponents often confuse spending that is diverted from other local sources as spending caused by the stadium
- They attribute all spending by out-of-town visitors to the sports team regardless of the reason for their visit

- They overstate the multiplier by ignoring crucial characteristics of sports spending
- They apply this inflated multiplier to gross spending, rather than local value added
- They omit the negative effects from the taxation that's used to finance construction and the operating deficits of the facility (Noll and Zimbalist, 496, 1997)

Job Growth

In order for a stadium to generate jobs, three factors must be satisfied. First, employment levels for the job that will be created must be very low. If employment is already at capacity then new jobs do not need to be created. Also, the level of unemployment in industries associated with the stadium must be considered. Teams will employ janitors, food workers and security personnel. A new stadium will not employ professionals like accountants and engineers.

The second factor to consider is where do people receiving money from the stadium live. The people who usually benefit from the stadium are players and owners, and these individuals usually do not live in the same municipality as the stadium. Therefore, this increase in income that is generated by using tax dollars is leaving the community and not generating growth. In Indianapolis's case, the two highest paid Colts, team owner Jim Irsay and running back Edgerrin James, live in Carmel and South Florida.

helped economic development. In addition, other projects would have been privately financed not publicly. In essence, construction workers are paying themselves. This occurs because a percentage of their income is consumed by taxes, which pay for the stadiums. The final argument against this theory is that even if construction workers are unemployed it is cheaper to pay unemployment insurance, or pay them to do public works jobs.

The next topic that must be addressed is where this additional income is going. When building a stadium that is replacing an existing structure, the incremental change in revenue goes directly to the players. Since this paper is focused more to the interests of Indiana taxpayers, we will take a closer look at where Colts' players live and spend their money. The following is a list of players and where they live. (As of 10/8/02)

Player	**Place of Residence**	**Player**	**Place of Residence**
Brock Huard	Washington	Larry Triplett	California
Cory Sauter	Minnesota	**Tarik Glenn**	**Indianapolis, IN**
Mike Vanderjagt	Toronto	Raheem Brock	Pennsylvania
Hunter Smith	**Indianapolis, IN**	Joe Davenport	Arkansas
Peyton Manning	**Indianapolis, IN**	**Marcus Pollard**	**Indianapolis, IN**
Walt Harris	Illinois	Quadry Ismail	Florida
James Mungro	Pennsylvania	**Drew Haddad**	**Indianapolis, IN**
Nick Harper	Georgia	Mike Robert	Washington
Rodregis Brooks	n/a	Troy Walters	California
David Macklin	Virginia	Reggie Wayne	Louisiana
Idrees Bashir	Georgia	Marvin Harrison	Pennsylvania
Joseph Jefferson	Kentucky	*Chad Bratzke*	*Carmel, IN*
Shyrone Smith	n/a	Dwight Freeney	Connecticut
Clifton Crosby	Maryland	**Rob Morris**	**Indianapolis, IN**
Edgerrin James	Florida	David Pugh	Virginia
Jason Doering	Wisconsin	**Josh Williams**	**Indianapolis, IN**
Ricky Williams	Texas	James Cannida	Florida
Jim Finn	New Jersey	Saw Sword	Washington D.C.
Detron Smith	Colorado	Brad Scioli	Pennsylvania
Brian Leigeb	Michigan	Joe Walker	Texas
Cory Bird	New Jersey	Jermaine Hampton	Illinois
Mike Roberg	n/a	David Gibson	Florida
Justin Snow	Texas	**Chukie Noworkie**	**Indianapolis, IN**

David Thornton	North Carolina	Greg Favors	Georgia
Mike Peterson	Florida	Marcus Washington	Alabama
Donnel Thompson	Wisconsin	Rob Murphy	Ohio
Jeff Saturday	**Indianapolis, IN**	Rick Demulling	Washington
Ryan Diem	**Indianapolis, IN**	Josh Mallard	Georgia
Aaron Meadows	*Carmel, IN*	Waverly Jackson	Virginia

(www.colts.com, 2002)

Of the 58 players on the Colts' roster only 10 live in Indianapolis, and only two more live in the metro area. Therefore, Indianapolis taxpayers are spending millions of dollars on this team, and only 17% of them are living and spending money in the city. After knowing this, taxpayers should think long and hard before spending anymore of their money to support these millionaire ballplayers who only spend enough time here to collect their paycheck.

When it comes to sports stadiums, the justification that they help support economic development is just hard to swallow. The net effect on the city is barely even noticeable. With the existence of a sports team new money is not entering the area. Instead, money is just being allocated to other areas. For example, during the baseball work strike of 1994, Hollywood had its best September ever (Baade and Sanderson, 1997). Therefore, before we justify economic development, just think about the local people in your community who own movie theaters, roller rinks, and restaurants. When you are spending money at the Colts game you are investing in individuals who take that money and spend it elsewhere, while local people who live in your community are suffering.

Another strike against the claim that stadiums bolster economic development is a study done by Robert Baade, a professor at Lake Forest College. Baade's study examined the effects sports stadiums had on metropolitan areas. For his study, he examined thirty different metropolitan areas. The results of his study discovered that twenty-seven of the thirty metro areas he examined had little or no change in per capita growth. The other three areas, St. Louis, San Francisco, and Washington D.C., actually experienced a negative impact in per capita growth (www.bizjournals.com/houston/, 1996).

Downtown Development

Politicians and team officials also like to promote the effects stadiums can have on downtown development. They believe that stadiums will help revitalize downtown, and generate more economic and social activity in these decaying areas. In fact, many cities have built downtown stadiums and have transformed these areas into revitalized cultural and economic meccas. Their main intention is to reverse the trend of a growing suburbia. However, the results of twelve areas that have downtown facilities are not strong enough to justify the stadiums' construction. While all of these areas did have private sector job growth, they also had expanding populations. Cities with downtown facilities saw a job increase of 19.3%, while cities without a downtown sport facility saw a job growth rate of 19.9%. Population growth of cities with downtown facilities was 5.9%, and cities without downtown facilities were 5.2%. While these numbers do indicate some impact, they do not present overwhelming evidence that stadiums justify their costs (Rosentraub, 1997).

Government Assistance

The conclusion regarding stadiums and their finance's is stadiums do not pay for themselves, but continue to be built at an alarming rate. The question then must be asked, how is this happening? The answer is: subsidies, taxes and leverage. Subsidies and taxes are what cities across the nation continue to use in order to finance these sports palaces. Leverage is what teams have due to the monopoly the four main sports leagues enjoy in our country. The root of the problem is that every city wants a major league team, and there are many areas around our country that could support a major league franchise. Since there is an excess amount of communities that could support a team, these communities have to separate themselves from the pack by offering "sweet" deals that include lavish stadiums with plenty of extra amenities that make them appealing to franchises. The only problem is that sports teams do not generate enough revenue to cover the costs of these stadiums, and do to the current economic condition of our country we cannot afford to waste valuable resources on stadiums.

Currently in our country there is a persistent push to cut federal costs. This attention and concern with our national budget has led to the elimination of numerous social and economic programs. In fact, just the other day in his State of the State Address, Governor Frank O'Bannon announced cuts in the state's university budget that were in the range of $40 million ("No new funds on table for BSU", 2003). While we are continuously cutting funding to programs like education and welfare, there is still one area that is thriving due to the support they get from the government: professional sports (www.bizjournals.com/houston/, 1996). Yes, that's right, while the rest of America suffers because of the economic crisis we are now enduring, the millionaires employed by the sports industry are thriving.

When discussing the battle for subsidies between education and sports it is important to look at revenue generation. While the common belief would be that professional sports teams generate more revenue, in actuality that couldn't be any farther from the truth. In fact, total undergraduate tuition at a good private university with six thousand or more undergraduates exceeded the revenues of any professional sports team. In addition, in 1994 the top ten universities for federal research grants received more grant money than the combined revenues from Major League Baseball and the National Basketball Association (Noll and Zimbalist, 1997).

Currently, the United States is experiencing a boom in the construction of new sports stadiums. Industry experts estimate that more than $7 billion will be spent on new stadium construction before 2006 (Noll and Zimbalist, 1997). And theses stadiums are being financed by increased government subsidies. Since 1989, federal subsidies for sports stadiums have quadrupled. Subsidies now account for over 65% of the cost of a stadium that is estimated to cost over $200 million (www.bizjournals.com/houston/, 1996). In fact of the forty-five new stadiums that were built in the 1990s, $4 out of every $5 spent on stadiums came from public sources. Only 5 of the existing 49 football and baseball stadiums were built with private money (www.privatization.org).

Benefits of Stadiums

With all of the negatives associated with stadiums how do politicians continue to convince us to build them. They talk about being a "major league" city, neighborhood revitalization and imported revenue. And to some extent politicians are right. Stadiums do provide the population with some benefits. The question, though, is do the benefits outweigh the negatives.

Revitalization or development is one concept that is commonly used. Government agencies across the nation have tried to sell us on the concept of using stadiums to spur development. In most cases, stadiums are used to reverse the effects of suburbia. Government leaders have long used stadiums to keep central business districts integral to their region's economic and social life. Stadiums are used to emphasize urban life, and create interest in living and working downtown (Rosentraub, 1997).

One city that has been a champion of this movement is our own Indianapolis. Concerned about our image, or lack thereof, city officials used a sports stadium as their crown jewel in a larger development project to revitalize and create an identity for Indianapolis. Indianapolis is one of the few cities, if not the only one, that was able to successfully use a stadium to spur development. The reason this occurred was because the city used the stadium as part of a plan. Instead of being held hostage by a team, and forced into action, city leaders were allowed to plan and strategize and ultimately come up with a solution. Indianapolis's plan was to become a sports capital, and use this institution to draw people to the city from outside areas.

By drawing people from other areas we were truly benefiting the economy. Instead of displacing money from another area, we were introducing currency that would not have otherwise entered our economy (Rosentraub, 1997). This concept must be taken into account when considering a new "football-only" stadium. We must determine if this new stadium will bring in more events, or if it will merely keep the same events we already have.

Economic development and drawing people into the city was touched on previously. However, the simple fact about stadiums is that they are used for two purposes. Stadiums are used to attract the city's own residents or to bring in tourists. Officials believe these large crowds will encourage investments in related entertainment facilities such as restaurants, bars and retail outlets (Rosentraub, 1997).

"The Politician's Theory"

Stadium ⇒ Restaurants ⇒ Mall ⇒ Offices ⇒ Housing

However, there are two huge problems with this theory. The first is displacement. By attracting current residents you are merely displacing economic activity, which negates the stadiums' effect. Secondly, how can politicians justify out of town visitors are attracted to the city just because of the stadium. Unfortunately, we do not poll these individuals. Therefore, we do not know how many come to the city, how much this segment spends, and if sports is their only reason for visiting the city.

The next benefit of having a stadium is the one that is most popular among stadium proponents. This benefit is the ability to consider their city a "major league" city. Having a professional sports team automatically signifies that a certain area is a "major league" city. Never mind population size, economic impact, or any other variable a sports team is what earns a city the right to be considered a "major league" city.

This benefit is directly associated to the public consumption benefits that are provided by stadiums. This benefit is the satisfaction that people get from living in a city with this stature. These individuals benefit from having another topic of conversation that is common to most citizens, and from reading about the team's successes and failures in the newspaper. Politicians like to promote this feature because it has the potential to be large in the aggregate because no citizen can be excluded from consumption and one citizen's consumption does not reduce the consumption available to every one else (Zimmerman, 1997).

The public consumption benefit goes hand in hand with another benefit called "externality." Externality is the benefit realized by those individuals who do not go to the game or watch it on television. However, these individuals derive a benefit because they enjoy having a team, and following them through the news. The press derives a considerable benefit from the amount of revenue they receive from covering sports events. Therefore, because of externality people are in favor of subsidizing even if they do not go to the games (Noll and Zimbalist, 1997).

This is an interesting concept and one that should be considered when deciding how to finance stadiums. Since many groups are in favor of taxing those who benefit from the team and stadium, why not tax the media? These individuals probably derive considerable amounts of revenue from advertising. I would venture to guess that this incremental income would probably be far superior to restaurant and bar revenues.

Indianapolis and the Colts

"Do We Continue To Pay?"

"What are the Colts Worth?"

> *"It's problematic because they play so infrequently and employ so few people. The right debate in Indy is how much is it worth to you just to have the team." -("What are the Colts Worth?", 2002)*

The story of the Colts and Indianapolis does not begin in 1984 with the arrival of the infamous Mayflower moving vans. In contrast to most stadium construction projects this marriage was well planned and the movement began in the mid-70s.

The story of Indianapolis and the Colts began with the "Indiana-No-Place" movement and the Sports and Downtown Development Strategy. In the 1970s, Indianapolis like other Rust Belt communities was beginning to decline. The city had a declining job base, deteriorating downtown core, and occupied a small place in the national and international economic landscape. Above all else, the city had no image. Favorite son Kurt Vonnegut commented on the city by calling it a "cemetery with lights that came to life one day a year for the Indy 500." (Rosentraub, 1997)

While citizens' criticism was sharp, the numbers weren't much better. From 1970-1980 the consolidated city of Indianapolis lost 4.5% of its population, and now accounted for only 54.5% of the metro area's population (Rosentraub, 1997). What is even worse is the economic growth that the city experienced during this time. While the rest of the Midwest grew at a rate of 19.7%, Indianapolis lagged behind at 16.7% (Rosentraub,1997).

These trends led to the creation of Indianapolis's new strategy to be a sports capital. City leaders developed an initiative that would serve two objectives. The first would be to establish a market niche for Indianapolis in amateur sports. The second objective would be to use this strategy to redevelop the downtown core as the cultural and economic center of the city and region (Rosentraub,1997).

The central component of this strategy was to establish several facilities that would become the new anchors for the revitalized downtown. The first thing the city did was build Market Square Arena in 1974. The 16,950-seat venue was paid for by the city through the Department of Public Works. The city then constructed other venues: the Sports Center, the Indiana University Track and Field Stadium, the Indiana University Natatorium, the Velodrome, the National Institute of Sports, and the Hoosier Dome (p.194). The last piece of the sports puzzle was the Hoosier Dome. The Hoosier Dome cost \$78 million, \$48 million from the public sector through a 1% tax on food and beverage, and a \$30 million from a local foundation. (Rosentraub,1997)

With the completion of the dome, the city had created an image for itself and was now established as a sports city. The next step in the process was to invigorate the economy. To do this the city started the Economic Development Center to assist companies that might want to move or expand operations in Indianapolis (Rosentraub,1997).

List of Development Projects

Project	*Year*	*Cost (millions*
Market Square Arena	1974	$16
Sports Center	1979	$7
IU Track & Field Stadium	1982	$5.9
IU Natatorium	1982	$21.5

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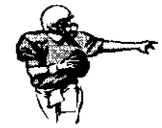


Project	*Year*	*Cost (millions)*
Velodrome	1982	$2.68
Hoosier Dome	1984	$78
National Institute of Sports	1988	$9
Children's Museum	1976	$25
Indiana Theater	1980	$6
Walker Building	1985	$3.4
Zoo	1988	$37.5
Eiteljorg Museum	1989	$60
Hyatt Hotel/Bank	1977	$55
Embassy Suites Hotel	1985	$31.5
Westin Hotel	1989	$65.5
City Market	1986	$4.7
Lockerbie Market	1986	$15.8
Union Station	1986	$53.31
Circle Centre Mall	1995	$300
Capitol Tunnel	1982	$1.4
Heliport	1985	$5.58
Pan Am Plaza	1987	$35.2
2 W. Washington offices	1982	$13
1 N. Capitol offices	1982	$13.61
Farm Bureau offices	1992	$36
State Office Center	1992	$264
Lilly Corporate expansion	1992	$242
Lower Canal Apartments	1985	$20.2
Lockfield Apartments	1987	$25.22
Canal Overlook Apartments	1988	$11
Indiana University	1990	$231

(Rosentraub, 194, 1997)

Was it Succesful?

By all accounts, Indianapolis's "Sports and Downtown Development Strategy" was a success. Unlike other areas of the country, our city's effort was more successful than any other area's facility-oriented effort. While central business district (CBD) job loss was 27.7% in other cities, Indianapolis's losses only amounted to 17.8% (Rosentraub, 1997).

Along with doing better on job loss, we also fared better on population loss. Indianapolis's decline in centrality was better than any other area. While most cities CBD population declined by 10%, Indianapolis declined by 5.9% and the overall metro area grew by 62% (Rosentraub, 1997). While some might argue the success of this initiative, I believe you have to look at the silver lining. Suburbanization is something that is going to occur regardless of what we try. Stopping it is not the battle, slowing it down is.

While the previous numbers are encouraging, to truly judge the success of Indianapolis's revitalization you have to examine three factors:

i. Size of residential population downtown
ii. Concentration of jobs in central business district
iii. Type of firms attracted downtown.

The first two questions have already been answered. The third can be answered by first looking at the Westside of Downtown. Due to investments in sports and other areas, the State of Indiana and Indiana University both made substantial investments in Downtown. If these two groups had not believed in the initiative the number of high-paying jobs and the complexion of the area would be drastically altered (Rosentraub,1997).

Further, Indianapolis has benefited because of the numerous events we host, the new business buildings we have constructed, the museums and theaters, and apartment projects we have initiated. All of this can be traced back to the sports initiative (Rosentraub,1997)

"I think we know that our reputation, our ability to recruit new employees, all of those have to do with the types of amenities our city offers. The Colts, the Children's Museum, the zoo, the Convention Center and the symphony combine to make Indianapolis a more attractive place to live."

-Tamara Zahn, President of Downtown Indianapolis Inc

Pre-Negotiation

Congratulations residents of Indianapolis! Together you and your elected officials built a strategy that involved a sports stadium and were successful. Now, before we move forward and discuss the studies and reports being aired about the current situation, lets take a quick look at the events that have occurred in another city. Keep these lessons in mind. You were successful once hopefully you can be successful again.

The Queen City of Cincinnati was subjected to a problem similar to the one Indianapolis had faced twenty years earlier. According to one individual associated with the process, "It was about image. In a county desperately afraid of being perceived as another Louisville, Lexington, Dayton, or Columbus, voters have bought a lot of image…at a pretty high price." (Blair and Swindell, 321, 1997)

Cincinnati's story is a ten-year battle that was waged between the city and their two teams, the Bengals and the Reds. The city desperately wanted to keep both teams and preserve their image. The Bengals and Reds wanted new stadiums and the financial spoils that accompanied them. What pursued was a battle that entailed large financial and political costs that few could have ever imagined ("Cincinnati's sports plan to cost $2 billion", 2002).

Initially, the first proposal was to renovate Cinergy Field and build a companion venue for one of the teams at a cost of $181 million. From these humble beginnings, the city was forced into building two new stadiums: one for football and one for baseball ("Cincinnati's sports plan to cost $2 billion", 2002). What ensued was franchise free agency where a team could leverage its position by threatening to leave town. This occurs because of the non-competitive structure of the U.S. team sports industry. The leagues maximize the profits of their members by keeping the number of franchises below the number of cities that are economically viable locations for a team. As a result, cities are thrust into competition with one another to procure or retain teams. The form this competition takes is a bidding war, whereby cities bid their willingness to pay to have a team, not the minimum amount that would be necessary to keep a team viable (Noll and Zimbalist, 1997).

When this occurred in Cincinnati, the city was left with two stadiums and a bill for $2 billion. This is the cost they incurred for the construction of the Bengals' Paul Brown Stadium, and the Reds' Great American Ball Park. Voters in the city overwhelmingly approved a half-cent sales tax to pay for the stadiums, and then turned on the local politician most closely identified with the stadium initiatives. In 2000, Bob

Bedinghaus became the first Republican in thirty-six years to lose an election for the three-person Hamilton County Board ("Cincinnati's sports plan to cost $2 billion", 2002).

Once again, if there is a silver lining to this event it is that we can learn from Cincinnati's mistake. Instead of listening to the reports and experts, remember what we wanted to get out of this initiative in the first place: an image and economic development. Now that we have both do we really need and NFL team if it's going to cost us between $500 million and $1 billion?

The Current Battle

The affair between the Colts and the city has always been about money. In the following paragraphs we will discuss the millions that the city gives the Colts to keep them in the city. We will hear how the RCA Dome and its features prevent the Colts from making money and being competitive in the league. The problem, though, is not the lack of talent on the field or lack of luxury boxes in the stands. The problem is that Indiana is a basketball state, and when you get right down to it Hoosiers will always be Pacer fans first, and Colts fans second.

From 1984 to 1995 the Indianapolis Colts played in the Hoosier Dome and the city helped support them by annually paying the team $250,000. For eleven years these payments summed up to be $2.75 million. Unfortunately, this trend has changed. In the past eight years, the Capital Improvements Board has given the team $89 million. Of this sum, $23.8 million came in the form of luxury suite improvements and the rest was cash payments. Now the city pays the Colts about $12 million a year in funding, including all luxury suite revenue, and an additional $1.2 million to offset game-day expenses ("What are the Colts worth?", 2002).

To help finance these payments the city has done what else: raise taxes. As opposed to an area-wide tax, the city has assessed various taxes in order to avoid the inequity of taxing those who do not benefit from the team's existence. The first tax is a 6% Marion County hotel-motel tax. Other taxes include a 1% tax on restaurants, a 2% tax on car and truck rentals, and a 5% tax on tickets to Colts, Pacers and Indians games ("What are the Colts worth?", 2002). Together these taxes generate a significant amount of revenue for Marion County. The hotel and restaurant taxes alone generated $33.3 million last year ("What are the Colts worth?", 2002).

Since the taxpayer is paying these astronomical amounts it is important to learn what this money is going towards. A special report by the Indianapolis Star uncovered the money trail. According to their report about one-third of the money covered costs for Dome security. The majority of the remaining money went towards covering the salaries of ticket sellers and concierges ("Public foots bill for dome luxuries", 2002). However, with the remaining money there were some interesting expenses. A catering expense for the locker rooms, press boxes, and selected suites totaled $168,088. Then close to $150,000 was spent on amenities for parties at Pan Am Plaza, game related entertainment such as mascots and halftime shows, and then for music licensing fees and personal appearances by former players (Public foots bill for dome luxuries", 2002). These are all interesting points to keep in mind considering the Colts play in a rent-free facility, are given an annual subsidy to remain "competitive," and also have their game-day expenses covered by the city. In return, taxpayers and fans are allowed to watch, as we continually get humiliated on the field.

Why is this injustice occurring? According to the Colts they cannot generate enough revenue to remain competitive. This may be true. The Colts ranked last in their four-team division in suite and club seat revenues. While the Colts bring in about $13.4 million annually, the expansion Texans earned around $42.4 million, the Titans $31.6 million, and the Jaguars $27.5 million ("City slams report about Colts leaving", 2002). However, there is still no reason to cry for the Colts. According to one expert it is almost impossible to lose money in the league because seventy percent of revenue is shared among teams ("Expert: Colts' claim is suspect", 2002). This means that the billions generated from licensing and television contracts is distributed among teams so that they can all compete. However, this issue then pushes us into the debate of shared and unshared revenue, and how this is supposedly what sets teams apart.

According to NFL revenue expert Marc Ganis, local revenue (un-shared) averaged about $50 million per team last year, and the Colts are probably what brought this number down, only generating between $35 and $43 million. This number would rank the team in the bottom fourth of the league ("Colts' cost may pass $10 million", 2002). Before we start crying for the Colts the question must be asked: what do they need the money for. They generate about $40 million, have no expenses, get $12 million annually from the city, and then get their piece of the shared revenue pie. This has to be plenty to pay their salaries. OK, so maybe the team needs money for development and scouting? No, that is not the case. According to Irsay, he has spent $115 million of his own cash on building what he believes is the largest scouting department (and most overrated) in the NFL. In addition, he has also infused money into marketing ("Tough

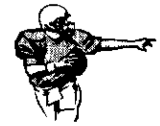
Indianapolis market could land Colts in LA", 2002). Unfortunately, neither investment has provided a substantial return.

For argument's sake lets assume that the Colts still need money, even though we have already pointed out how much they bring in and how much they have to pay out in expenses. The question now is whether or not the team is a good investment. According to a study done on Indianapolis, the franchise generated about $41 million in new revenues and added 1,130 full and part-time jobs ("What are the Colts worth?", 2002). OK, now the equation looks like this: $41 million + jobs > $12 million + game-day expenses (this equation of course does not account for opportunity costs of using Colts' funds elsewhere). Hold on, though, according to Clemson economist David Swindell there are some major flaws in this theory. While player salaries average more than $1 million, the other 1,130 jobs are low-wage service jobs. What's even worse is that they are not new jobs ("What are the Colts worth?", 2002). Like we previously mentioned these are the same workers who staffed area restaurants and theaters. When they were laid off at their other jobs, because people stopped going there in favor of stadiums, they were forced to move. Once again, this is not new money it's redirected money.

We have now illustrated the fact that the Colts are not profitable, and that an investment in them does not offset their subsidy. So what's next? The city could build a new stadium and generate money off of luxury suites. In theory, this is a good idea. The Colts would still receive shared revenue, plus they would increase their amount of unshared revenue. Of course, they could probably cover their yearly expenses, but this would still not be enough to cover land acquisition, interest on long-term bonds, and operational expenses to operate the new stadium after the Colts inevitably leave town.

However, there is one major problem we must look at before even examining the fact that the Colts cannot support the long-term financial implications. Fan interest indicates that the team could probably not sell all the suites! Fortunately, Commissioner Paul Tagliabue has offered the citizen's of Indianapolis three strategies for prevailing in this market.

Tagliabue suggested: 1. Make the games attractive as daylong instead of three-hour outings, 2. Regionalize the fan base, and 3. Work with a broad base of businesses on marketing and promotions ("NFL chief tackles Colts' fate", 2002). Once again, these are all good ideas in theory. The problem with an all-day event is that any furor and passion you build up outside will quickly evaporate as you enter the cozy RCA Dome and settle down next to a couple of business "schmoozers." Next, would be to regionalize the fan base. This would be a great idea, since one of the best ways to justify a stadium is to claim that it attracts money from outside the region. Unfortunately, Kokomo, Marion, Muncie, New Castle and Bloomington are all areas that have seen better days economically. What is worse is that they are all passionate basketball communities. Evansville? Louisville? Still too far away, and neither city would embrace the Colts as theirs. Finally, we can work with local businesses. I apologize Mr. Tagliabue, but when you were in town visiting the Economic Club of Indianapolis, you must have failed to look at the skyline of our city. Indianapolis is dominated by regional banks that are not even headquartered in Indianapolis, and the fact is we are just not a large corporate town. Plus, there is a certain curse in Indianapolis of putting your name on any of our sporting facilities.



Now the question becomes: are we willing to pay for the Colts? They lose money, lose games, and haven't proven they can spur economic development. However, they do help our city's image. The question then becomes: will taxpayers support our "poor" millionaires. The answer is an emphatic NO. In a poll conducted by WTHR, sixty-seven percent of respondents indicated they opposed making payments in order to keep the Colts from leaving ("Colts' cost may pass $10 million", 2002). An earlier poll indicated that seventy-one percent opposed public financing to build a new stadium, and what's even worse only sixteen percent called the Colts the area's top franchise ("Most oppose using taxes to help Colts", 2002). To me it sounds as if Mayflower better be ready for another call.

Survey

As a part of my research, I decided to conduct a survey of Indianapolis business people. I believed the survey was necessary in order to determine the impact the Colts, the RCA Dome, and downtown events have on area businesses. The main reason to conduct the survey was to establish my theory that the Colts do not have an impact on our economy, and that the true driver of our economy is conventions and other events. This was important because many local leaders are trying to sway citizens by telling them that the loss of the Colts' will have a significant impact on the city.

This survey was conducted within close proximity to the RCA Dome. The area that these 50 surveys were administered is bordered by Pennsylvania St. to the east, the railroad track to the south, West St. to the west, and Washington St. to the north.

Survey Results

The intent of this survey was to validate the fact that Indianapolis's downtown development project was a success, and that the RCA Dome and its events were responsible for the city's growth, not the Colts. The survey asked various questions such as would your business be here if not for the RCA Dome, which events have the biggest impact on your business, what would you like to see the city do in terms of whether or not to keep the Colts, would your business agree to tax increases to keep the Colts, and what would happen to your employees if your business closed.

Below are some selected questions, and the results. A complete list of survey questions and results is located in the Appendix.

1. **Would you have located in the present location if the RCA Dome were not here?**

Seventy percent of respondents believed they would have located here even if the RCA Dome had not been built. Twenty-percent believed they would not have located in their present location if not for the RCA Dome. What has possibly skewed these results is the fact that many businesses came after the mall's construction. Therefore, we asked question #5.

5. **In your opinion, would the mall have been built if not for the RCA Dome and its multitude of events?**

Sixty-two percent of our respondents believed the mall would not have been built if not for the dome. Therefore, nearly every business can directly trace its existence to the dome. Either the dome itself, or the mall, which is a result of the dome, has led the majority of these businesses to downtown. This further proves that our sports development program has been very successful.

6. **Would you be in favor of losing the Colts, if that meant we had more events, games and conventions, at the RCA Dome that brought visitors in front out of town?**

In response to this question, 34% of the managers/owners of downtown businesses indicated they would be in favor of losing the Colts. This is an important concept, because this question truly gets to the heart of the economic benefit theory. If Indianapolis is solely concerned with economic benefit than we will lose the Colts and pursue other events that bring "new" money into the area, and 34% of respondents realized this.

7.& 9. Questions 7 & 9 Deal with whether or not businesspeople believe we should make payments to the Colts in the form of subsidies, or whether we should adopt a tax increase to support the Colts. These questions were asked

in order to show the disparity between those who wanted the Colts, and then how many would actually pay to support them.

In response to the city making payments to the Colts, 60% of respondents indicated they were not in favor of the city making annual payments to the Colts. As for a tax increase, 68% percent were against a tax increase. While people are quick to jump on the bandwagon to keep the Colts, when it comes right down to it very few are willing to put there money where their mouth is. It is important to make note of this, because in order for the city to keep the Colts one of these two things must happen. Therefore, we need to assess the public's interest in these occurrences. These results indicate that we should not pursue either, and for the Mayor the backlash is apparent if he considers either of these moves.

7. **Would you be in favor of a football-only facility for the Colts, even if that meant the loss of other events such as games and conventions?**

This question was asked to uncover whether or not the city such pursue a plan of action that could potentially allow the Colts to support themselves, and could also lead to the loss of other events and revenue streams. Since the only way the Colts can improve their earning power is to build a new stadium, we needed to ask businesspeople how they would feel about this if it meant losing conventions and other events. Survey results indicated that 88% of the respondents were against a football-only facility.

When you consider this result with the results concerning whether or not Indianapolis should use tax revenues, the likelihood of keeping the Colts becomes a lot cloudier. However, without a stadium that has extra-revenue generators, or subsidies from the government there are very few ways to generate additional revenue. The Colts only other option is to increase marketing and hope to expand their fan base.

It also should be noted that while a stadium would increase the revenue of the team, it will not help the city, which will have to support construction, and financing costs, as well as the opportunity costs of the land.

10. For your business's interest, what would you like to see the city do?

This question gave the power back to the people. Since business development and economic impact are two components that politicians like to promote when discussing the benefits of stadiums, why not determine what really would be the best use of funds. Therefore, the best way to arrive at this conclusion is to ask the very people that would be affected by these actions: the downtown businesspeople.

The survey asked these individuals which of the following circumstances would have the biggest impact on their business:

- Keeping the Colts
- Indianapolis hosting the Super Bowl
- Indianapolis hosting an NCAA Bowl Game
- Continuing to attract the NCAA Basketball Championships
- Staying committed to amateur sports and attempt to attract the Olympics or other multi-day events
- Attract more conventions to the Convention Center

In regards to keeping the Colts 14% of respondents indicated this was their first choice, and 36% of respondents indicated this would be their last priority. As for attracting the Super Bowl, this was the first choice of 12% and the sixth choice of 20%.

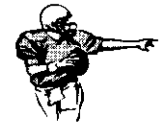
An NCAA Bowl Game was the first choice for 10% and the sixth choice for 20%. Continuing to attract the NCAA Basketball Championships was the first choice for 14% and the sixth choice for 8%. Staying committed to amateur sports and multi-day events was the number one choice among 24% of respondents and the sixth choice among 16%. As for conventions, this was the number one choice among 56% and the number six choice among 2%.

From these results it is obvious that conventions have the greatest impact on businesses. Conventions have a higher frequency of occurrence, are multi-day events, attract clientele that have a large amount of discretionary income, and bring people into the city from outside the area. Unlike fans for athletic events, they are here for multiple days and since they stay downtown are forced to support our local economy.

11. & 12. If Indianapolis discontinued having events at the RCA Dome what would happen to your company, and if your business closed what would happen to your employees?

These questions are also important, because they deal with economic issues. Specifically, if the loss of the Colts would mean the closing of their operations, and whether they believe their workers would become unemployed, or would be able to find employment in Indianapolis. These questions are important because the loss of jobs and impending unemployment of workers, would merit the need for the stadium to support the Indianapolis economy.

However, survey results indicated that only 4% thought discontinuing events at the RCA Dome would cause them to cease operations. Other businesses indicated they would either market more actively, move to other parts of the city, or depend solely on traffic from the mall, conventions and Pacers. As for finding new employment, 70% believed their employees would find new employment in Indianapolis. Once again, these results indicated that there would be a minimal amount of adverse impact on the city if the Colts left.



Overview

The problem with sports stadiums is that they just cannot cover their own costs. Normally, if a business or group wants something they save up enough money to purchase it. If the item is unusually expensive they might obtain financing. This means they believe that this new idea or piece of equipment will not only generate enough income to support the operation, but it will also generate enough incremental income to cover it's own costs and the interest rates attached to the financing needed to make the purchase. Historically, this is how the American economy worked.

Then came professional sports. The proponents of sports stadiums like to purport a theory, or in actuality a lie that goes like this: 'we should build a stadium, obtain bonds to finance construction, not generate enough money to cover the costs, complain we cannot make enough money, sink further into debt, renegotiate, continue to sink further into debt, and then claim that we need another stadium in order to get the team out of debt.' That, in a tongue and cheek nutshell, is the economics of professional sports in America.

Unfortunately, rational thinking has disappeared and this tragedy continues to occur. Why? Because in America we have three groups of people: sports fans, politicians, and the general public. Sports fans love their teams and will do anything to keep them in their native city. These people "love" their teams and we all know love is blind.

Therefore, these people turn to politicians and demand that they save their team or risk losing the next election. The politicians do not want to risk losing the election, and they also don't want to be remembered for losing the city's franchise. In order to protect themselves, they must convince the general public to rally around the construction of a new stadium.

To do this, politicians must appeal to the persuaded. The general public is made up of two groups: the informed and the persuaded. The informed are those that are aware of what is going on, and can see through the politician's magic show. The persuaded, however, are those that are not willing to take the time to research what is going on and are therefore easily persuaded by what the politicians say.

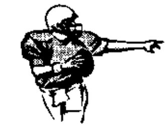
What the politicians are saying are fallacies. Their two main claims are that having a team makes a city a "major-league" town and that having a team will spur economic growth. First, let's discuss this theory of being a "major-league" town. In order to put this into a context that is easier to comprehend, being a "major-league" town to a city is the equivalent of being popular to a teenager. When individuals were younger they believed they needed a nice car or new sneakers to be accepted. Their self-esteem and sense of self-worth was associated to this. When this occurred parents, counselors and friends would tell the individual how this was not true and that they were being irrational.

Well now we have cities that think they are defined by how many professional sports franchises they have. Unfortunately, now we do not have parents stepping in to tell the city how irrational this is. In taking Indianapolis as an example, someone needs to point out to the citizens that there is more to the city than sports. Indianapolis is home to one of the world's largest pharmaceutical companies, wonderful universities and numerous museums and cultural attractions. Obviously, Indianapolis has enough to be proud of. Going back to the high school analogy, it was impractical back then to buy a pair of shoes for $150, and now it is impractical to pay $500 million for a sports stadium.

The second fallacy that politicians enjoy using is the amount of economic benefit stadiums provide. Unfortunately, the benefits cannot be proven. Stadiums promote low-income job opportunities, tie up resources that could be used for other projects, have huge opportunity costs in terms of land, lead to increased taxes which reduce consumption, take business away from other sources, and do not draw new money into the local economy. When considering all these factors how could anyone justify that a stadium can help generate growth in the economy. In cities across America, we hear from politicians and citizens groups that attest to the impact stadiums can have on economies.

What we never hear, however, are business's urging communities to invest in stadiums. If stadiums are so beneficial to the economy then why aren't we hearing from businesspeople? As a result of this question, I decided to help my native Indianapolis and ask the business community myself. What I found out was astonishing. In conducting surveys it was revealed that conventions and other events had a more profound impact on operations. In fact, when asked what the city should invest in, only a marginal amount believed the city should spend in order to save the Colts. Finally, there was also the fact that businesspeople did not believe their business would close if the Colts left, or that employees would have to leave Indianapolis to find new employment. With business leaders perceiving very little benefit from the Colts, and claiming the loss of the team would have very little impact on their business the theory of economic benefit gets weaker and weaker.

Simply, stadiums are not a good move economically. There is no way for incremental revenue from the team to offset their costs, and there is no conclusive evidence that the stadiums generate any benefit for the economy.



Conclusion: A Letter to Jim Irsay

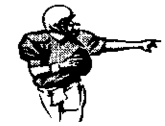
Dear Mr. Irsay,

Good news! Fortunately, for all of us, the Indianapolis Colts can stay in Indianapolis, be profitable, and be competitive. Luckily, Mr. Irsay, the Indianapolis area is alive and growing, and our economy is rebounding. Of course, our economy would be doing significantly better if one of our city's most prominent business leaders didn't have to depend on $12.5 million in handouts to keep his operations afloat. For months you have been moaning about how Indianapolis cannot support a team, and how the stadium is not adequate. Please, Mr. Irsay you are a grown man. Please start taking responsibility for your operations, and instead of blaming others start being more proactive in contributing to **your** team's success.

The first thing you should do is take a short walk across downtown and attend a game at Conseco Fieldhouse. Conseco Fieldhouse will give you plenty of ideas on how to better entertain your fans and keep your luxury boxes filled. If they can fill their stadium forty-one times a year (41*15,000=615,000 tickets), then you can certainly fill yours eight times a year (8*56,000=448,000 tickets). Instead of being worried about why the Pacers are the area's favorite team, maybe you should use this asset to learn how to be successful in this market.

Next Mr. Irsay you should take your beloved helicopter and go on a few trips. No, do not head off to Florida or the Caribbean, instead visit the exotic destinations of Kansas City, Green Bay and Nashville. All of these cities are supporting teams in markets that are much smaller than yours, and two of them in stadiums much older than yours. Walk around the tailgates, sit in the stands and take in the event. Consider it a challenge to figure out why their fans love coming to the game. What you will probably notice is that, like the Pacers' fans, they love their teams.

These fans show up early, leave late and for one afternoon a week they live and breathe football. They are devoted to their team, and feel as if they are all members of one bigger team. Now you ask: how do these teams create this magical feeling? The answer: they allow their fans to form an attachment to them. They don't have owners who continually threaten to move the team, and complain about not making money, while at the same time they are building helipads on their property. It's up to you Mr. Irsay. Quit threatening us, and allow us to embrace you team. We now know the truth. Stadiums do not help generate economic development, and we are no longer going to sit quiet while you extort funds from our city. It is time for you to do your job. We know your family is not use to staying in one place for a long time, but you might be surprised if you tried.



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Honors Survey

My name is Bill Matthias. I am currently a Senior at Ball State University, and am conducting a survey in order to complete my Honors Thesis: "The Financing of Sports Arenas." The survey I am conducting today is intended to give me a better idea of downtown business people's perspective on the impact of the Colts and other RCA Dome events have on their operations. Your answers to the following questions are greatly appreciated and will be kept confidential. Thank you very much.

Name ______________________

Company ___________________

1. Would you have located in the present location if the RCA Dome was not here?

   Yes _____ No _____

2. Do you believe the RCA Dome, has had a significant impact on downtown development?

   Yes _____ No _____

3. Please rank in order the amount of influence each of these events has on your business? (*1=most influence, 7=least influence*)
   a. Circle Centre Mall ___
   b. Pacer Games ___
   c. Colts Games ___
   d. NCAA Championships ___
   e. College Games ___
   f. High School Games ___
   g. Conventions ___

4. The loss of which of the following would have the biggest impact on your business?
   a. Colts ___
   b. RCA Dome Events (NCAA Championships, Amateur Athletics, IU and Purdue Games, etc.) ___
   c. Pacers ___
   d. Conventions ___

5. In your opinion, would the mall have been built if not for the RCA Dome and its multitude of events?

   Yes _____ No _____

6. Would you be in favor of losing the Colts, if that we meant we had more events at the RCA Dome that brought visitors in from out of town?

   Yes ____ No _____

7. Would you be in favor of the City of Indianapolis making payments to the Colts in order to keep them in Indianapolis?

   Yes ____ No ______

8. Would you be in favor of a football-only facility for the Colts that meant the loss of other events?

   Yes ____ No _____

9. Would your business agree to a tax increase in order to keep the Colts?

   Yes ____ No _____

10. For your business's interest, what would you like to see the city do? *(please rank in order, 1=want to see the most, 6=want to see the least)*

    ____ Spend $ to keep the Colts
    ____ Spend $ to try and get the Super Bowl
    ____ Spend $ to get an NCAA football Bowl Game
    ____ Spend $ to continue to attract NCAA basketball championships
    ____ Stay committed to amateur sports and try for the Olympics and other multi-day events
    ____ Attract more Conventions to the Convention Center

11. If Indianapolis discontinued having events at the RCA Dome would your company: *(please choose one)*

    a. ____ Market More Actively in the Suburbs
    b. ____ Move to other areas of the City
    c. ____ Cease Operations
    d. ____ Depend solely upon convention, mall and Pacer traffic

12. In your opinion, if your business closed, would:

    a. ____ Your employees find more employment in Indianapolis
    b. ____ Change fields of employment and stay in Indianapolis
    c. ____ Stay in same field and leave Indianapolis
    d. ____ Change fields and leave Indianapolis
    e. ____ Follow this company to a new city

Thank you for your time and consideration in answering these questions.

Sincerely,

Bill Matthias

Honors ject
Survey Results

Survey # / Question #	1	2	3 Mall	3 Pacers	3 Colts	3 NCAA	3 College	3 High School	3 Conventions	4	5
1	1	2	1	1	1	1	2	2	1	4	1
2	1	2	5	4	4	3	3	3	6	4	1
3	0	3	3	4	5	2	6	7	1	4	0
4	1	2	1	5	5	4	4	4	1	4	0
5	1	2	7	4	5	1	6	3	2	2	1
6		2	1	2	4	5	6	7	3	2	1
7	0	3	1	2	2	4	4	4	1	4	0
8		3	1	1	2	4	5	6	3	1	0
9	1	2	4	2	3	5	6	7	1	1,4	1
10	1	2	4	2	3	5	6	7	1	4	1
11		2	2	6	3	5	4	7	1	4	1
12	1	1	3	3	3	4	3	7	1	4	1
13	1	1	4	7	7	7	7	7	1	4	1
14	0	3	2	3	4	5	6	7	1	4	0
15	1	3	1	5	5	2	3	5	1	4	0
16	1	1	4	5	5	2	3	6	1	4	1
17	0	3	1	3	3	1	1	4	2	4	1
18	1	3	4	5	6	3	2	1	7	2	1
19	1	2	7	5	2	3	4	6	1	4	0
20	1	2	4	2	5	3	6	7	1	3	1
21	1	1	5	2	4	3	6	7	1	4	1
22	1	3	5	7	6	6	7	7	1	4	1
23	1	3	2	4	3	5	6	7	1	4	0
24	1	1	2	3	4	7	6	5	1	4	1
25	1	2	2	3	4	5	5	5	1	4	1
26	1	3	7	3	1	4	5	6	2	1	0

Honors Project
Survey Results

	Question #	1	2	3	3	3	3	3	3	3	4	5
27		0	3	3	1	1	3	6	7	1	1,3,4	0
28		1	3	1	2	4	5	3	7	6	1	1
29		1	2	1	6	7	3	4	5	2	4	1
30		0	3	4	2	3	5	6	7	1	4	0
31		1	2	6	2	3	1	4	5	2	3	1
32		1	2	5	1	2	4	6	7	3	4	1
33			1	6	2	1	1	3	5	4	1,2	1
34		0	3	5	3	4	2	6	7	1	2	0
35		1	3	7	6	5	2	3	4	1	4	1
36		1	3	3	5	7	7	5	3	7	1	1
37		0	3	4	4	1	1	5	5	3	1	0
38		1	3	1	1	1	1	1	4	2	2	1
39		0	3	1	7	1	1	7	7	7	1	0
40		1	3	7	5	6	2	3	4	1	2	0
41		1	2	3	6	7	2	4	5	1	4	1
42		1	2	5	3	2	4	6	7	1	4	0
43		1	3	1	5	4	5	5	7	2	4	1
44		1	2	1	5	4	3	6	7	2	4	0
45		0	3	4	3	2	7	5	6	1	1	1
46		0	3	1	6	3	4	5	7	2	1	0
47		1	3	6	1	1	1	1	7	2	4	1
48		1	2	7	7	1	1	1	1	1	4	1
49		1	2	4	3	5	2	6	7	1	4	1
50		1	2	2	3	5	4	6	7	1	4	0

1=yes
0=no

On questions 3&10 each variable was assessed a number between 1&7 to determine their importance.

Honors Project
Survey Results

	6	7	8	9	10	10	10	10	10	10	11	12
Survey #					*Colts*	*Super Bowl*	*NCAA Bowl*	*NCAA B-ball*	*Olympics*	*Conventions*		
1	1	0	0	0	6	1	1	1	1	1	4	1
2	0	1	1	0	6	5	5	4	5	2	1	1
3	0	0	0	0	6	3	6	5	6	5	4	1
4	1	0	0	0	4	3	4	4	4	1	4	3
5	1	0	0	0	6	5	4	3	2	1	4	1
6	1	0	0	0	6	5	4	3	2	1	4	2
7	0	0	0	0	3	6	6	2	6	1	4	2
8	0	0	0	0	3	3	3	3	2	1	1	1
9	0	1	0	1	2	6	5	4	1	3	4	2
10	0	1	0	0	3	2	4	5	6	1	4	1
11	1	1	0		3	5	6	4	2	1	1	1
12	1	0	0	0	4	2	2	2	1	1	4	2
13	1	0	0	0	6	6	6	6	6	1	4	1
14		0	0	0	6	5	4	2	3	1	2	1
15	0	0	0		1	6	1	1	1	1	4	1
16	1	0	0	0	6	1	5	3	4	2	4	1
17	0	0	0	0	5	1	1	1	3	2	1	1
18	0	0	0	0	6	5	3	4	1	2	3	1
19	0	0	0	0	3	2	5	4	6	1	4	1
20	0	1	0	1	1	5	6	4	2	3	4	2
21	1	0	0	0	5	6	4	3	2	1	4	1
22	1	0	0	0	6	5	5	5	1	1	4	1
23	0	0	0	0	3	5	4	6	2	1	4	4
24	0	1	0	0	6	1	3	5	4	2	4	5
25	0	0	0	0	6	2	5	5	2	1	4	1
26	0	1	0	1	1	5	3	4	6	2	1	1

Honors Project
Survey Results

	6	7	8	9	10	10	10	10	10	10	11	12
27	0	0	1	0	4	1	3	3	1	1	2	4
28	0	1	0	1	3	2	5	1	4	6	4	1
29	0	0	0	0	5	6	3	2	4	1	4	1
30	0	1	0	0	4	3	5	6	2	1	4	1
31	1	0	0	0	6	5	4	1	3	2	4	1
32	1	0	0	1	1	5	6	4	3	2	1	1
33	0	0	1		1	3	2	1	4	5	4	1
34	1	1	0	0	0	0	0	0	0	1	1,4	1
35	0	1	1		3	6	1	4	5	2	4	1
36	0	1	0	1	5	6	6	6	3	5	4	1
37	0	1	0	1	5	1	2	3	6	4	4	5
38	0	1	0	0	4	6	3	2	5	1	4	1
39	0	1	1						1		2	1
40	1	1	0	1	6	3	4	5	1	2	4	5
41	1	0	0	0	6	5	4	3	1	2	4	3
42	0	0	0	0	6	5	4	3	2	1	4	1
43	0	0	0	0	5	5	5	4	5	1	4	1
44	0	1	1	1	1	6	4	2	5	3	4	3
45	1	0	0	0	6	3	4	5	1	2	4	2
46	0	1	0	1	1	5	6	2	3	4	4	1
47	0	1	0		2	3	4	5	6	1	1	1
48	0	1	0	0	6	1	1	1	1	1	4	4
49	1	0	0	0	4	5	6	2	3	1	1	1
50	0	0	0	0	5	3	6	4	2	1	4	1

1=yes
0=no